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SENATE BILL 290

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

H. Diane Snyder

AN ACT

RELATING TO TAXATION; PROVIDING AN INCOME TAX CREDIT FOR
EMPLOYERS FOR A PORTION OF EMPLOYEE HEALTH INSURANCE PREMIUM
EXPENSES PAID BY THE EMPLOYER.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Income Tax Act is enacted
to read:

"~~[NEW MATERIAL]~~ CREDIT--EMPLOYEE HEALTH INSURANCE PREMIUMS
PAID BY EMPLOYER. --

A. A taxpayer who is an employer of fifty or fewer
employees in the taxable year and who files an individual New
Mexico income tax return may claim a credit in an amount equal
to fifty percent of the employee health insurance premiums paid
by the taxpayer in the taxable year for each of the first five
taxable years during which the taxpayer pays employee health

underscoring material = new
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1 insurance premiums.

2 B. A taxpayer who is an employer of fifty or fewer
3 employees and who files an individual New Mexico income tax
4 return may claim a credit in an amount equal to thirty-five
5 percent of the value of the insurance premiums paid by the
6 taxpayer in a taxable year that is not one of the first five
7 taxable years during which the taxpayer pays employee health
8 insurance premiums.

9 C. A husband and wife who file separate returns for
10 a taxable year in which they could have filed a joint return
11 may each claim only one-half of the credit pursuant to this
12 section that would have been allowed on a joint return.

13 D. A taxpayer who otherwise qualifies and claims a
14 credit pursuant to this section and who is a member of a
15 partnership, S corporation or business association that is the
16 employer paying the employee health insurance premiums may
17 claim a credit only in proportion to the taxpayer's interest in
18 the partnership, S corporation or business association.

19 E. The credit provided in this section may only be
20 deducted from the taxpayer's income tax liability for the
21 taxable year for which the credit is claimed."

22 Section 2. A new section of the Corporate Income and
23 Franchise Tax Act is enacted to read:

24 "[NEW MATERIAL] CREDIT--EMPLOYEE HEALTH INSURANCE PREMIUMS
25 PAID BY EMPLOYER. --

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1 A. A taxpayer that is an employer of fifty or fewer
2 employees in a taxable year and that files a corporate income
3 tax return may claim a credit in an amount equal to fifty
4 percent of the employee health insurance premiums paid by the
5 taxpayer in a taxable year for each of the first five taxable
6 years during which the taxpayer pays employee health insurance
7 premiums.

8 B. A taxpayer that is an employer of fifty or fewer
9 employees and that files a corporate income tax return may
10 claim a credit in an amount equal to thirty-five percent of the
11 value of the insurance premiums paid by the taxpayer in a
12 taxable year that is not one of the first five taxable years
13 during which the taxpayer pays employee health insurance
14 premiums.

15 C. A taxpayer that otherwise qualifies and claims a
16 credit pursuant to this section and that is a member of a
17 partnership, limited liability corporation or business
18 association that is the employer paying the employee health
19 insurance premiums may claim a credit only in proportion to the
20 taxpayer's interest in the partnership, limited liability
21 corporation or business association.

22 D. The credit provided in this section may only be
23 deducted from the taxpayer's corporate income tax liability for
24 the taxable year for which the credit is claimed."

25 Section 3. APPLICABILITY.--The provisions of this act

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1 apply to taxable years beginning on or after January 1, 2005.

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